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RISE IN U.S. WHOLESALE PRICES

ANNCR:

WHOLESALE PRICES IN THE UNITED STATES ROSE IN DECEMBER, WITH FOOD COSTS INCREASING SUBSTANTIALLY. VOA BUSINESS AND ECONOMICS EDITOR FRANK FEINBERG HAS THIS BACKGROUND REPORT:

VOICE:

THE U.S. GOVERNMENT'S MONTHLY INDEX OF WHOLESALE PRICES SHOWS A SEVEN-TENTHS OF ONE PER CENT RISE IN DECEMBER. THIS INCREASE WAS TRIGGERED MAINLY BY THE LARGEST INCREASE IN FOOD PRICES IN SIX MONTHS -- MORE THAN ONE PER CENT. HIGHER PRICES FOR PORK, FISH AND DAIRY PRODUCTS LED THE RISE.

IN COMPILING THE WHOLESALE INDEX, PRICES ARE TABULATED ON ABOUT TWENTY-SEVEN HUNDRED COMMODITIES, INCLUDING FOOD PRODUCTS, FUELS AND MANUFACTURED GOODS. EXCLUDING FOOD, PRICES ROSE MODERATELY. GASOLINE, FURNITURE AND JEWELRY WERE AMONG ITEMS COSTING MORE.

WHOLESALE PRICES ARE CLOSELY WATCHED, BECAUSE THEY GENERALLY DETERMINE RETAIL PRICES AT STORES. U.S. CONSUMERS HAD BENEFITED FROM A SHARP DECLINE IN FARM PRICES DURING THE SUMMER, BUT THE NEW INDEX INDICATES THAT THE FAMILY FOOD BUDGET IS ON THE RISE. A LOOK AT PRICES RECEIVED BY PRODUCERS ON THE FARM SHOWS WHY WHOLESALE PRICES ARE UP. PRICES RECEIVED BY PRODUCERS IN DECEMBER, LED BY HOGS AND CORN, WERE UP FOR THE THIRD CONSECUTIVE MONTH.

THE GOVERNMENT USED A NEW MEASURING SYSTEM TO COMPILE THE WHOLESALE PRICE INDEX FOR DECEMBER. THE NEW SYSTEM, CALLED THE PRODUCER PRICE INDEX, IS SAID TO BE MORE ACCURATE IN ESTABLISHING

PRICE RISES OR DECLINES. WHEREAS THE OLD SYSTEM TABULATED PRICES ON COMMODITIES AT DIFFERENT STAGES IN THEIR PROCESSING, THE NEW INDEX FOCUSES ON THE PRICE OF FINISHED GOODS, WHETHER IT IS PACKAGED FROZEN FOOD OR AN AUTOMOBILE. THE COMMISSIONER OF LABOR STATISTICS, JULIUS SHISKIN, SAYS THIS MEASUREMENT IS MORE ACCURATE IN INDICATING WHAT THE CONSUMER EVENTUALLY WILL PAY FOR THE PRODUCT.

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